

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 280325Z SEP 74

FM USLO PEKING

TO SECSTATE WASHDC 2471

INFO AMEMBASSY SEOUL

AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1688

EXDIS

E.O. 11652: GDS

TAGS: PFOR CH KN ETRD

SUBJECT: PRC INTEREST IN BOEING AIRCRAFT FOR NORTH KOREA

REF: STATE 194262

1. JAMES CHORLTON, BOEING'S REGIONAL SALES MANAGER, CALLED AT USLO SEPTEMBER 27 TO APPRISE US OF HIS MEETINGS WITH CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) THIS WEEK ON QUESTION OF AIRCRAFT FOR NORTH KOREA (REFTEL). CHORLTON SAID HE PRESENTED MACHIMPEX WITH DEPUTY SECRETARY INGERSOLL'S SEPTEMBER 5 LETTER TO BOEING AND ALSO ORALLY EXPLAINED THE USG POSITION ON THIS MATTER. HE SAID THAT MACHIMPEX NEGOTIATOR TS'UI HUAN-MIN (WHO, CHORLTON ASSUMED, WAS AWARE OF USG POSITION AS THE RESULT OF DISCUSSION WITH PRCLO IN WASHINGTON) ACTED SURPRISED AT THE USG ATTITUDE WITH REGARD TO WHAT THE PRC MIGHT OR MIGHT NOT DO WITH THE 707S IT ALREADY OWNED.

2. CHORLTON SAID HE THEN POINTED OUT THAT BOEING HAD LETTER FROM MACHIMPEX (PRESUMABLY THAT OF JUNE 1, 1973) INDICATING CHINESE END-USE. TS'UI REPLIED THAT HIS UNDERSTANDING OF THAT LETTER WAS THAT IT REFERRED TO THE FOUR AIRCRAFT WITH ILS. CHORLTON RESPONDED THAT BOEING BELIEVED THE CHINESE HAD MADE CLEAR THAT ALL TEN 707S

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WERE FOR THEIR USE, AND SAID THAT BOEING WOULD NOT HAVE

BEEN ABLE TO OBTAIN EXPORT LICENSES FOR ANY OF THE AIRCRAFT IF THIS WERE NOT THE CASE. CHORLTON SAID HE REITERATED TO TS'UI THE USG POSITION ON THE MATTER OF TRANSFER OF AIRCRAFT TO NORTH KOREA, AND STRESSED THAT SUCH A STEP BY THE CHINESE WOULD CREATE SERIOUS DIFFICULTIES.

3. CHORLTON SAID HE ASKED WHETHER MACHIMPEX MIGHT STILL BE INTERESTED IN ADDITIONAL 707S FOR THEIR OWN USE. TS'UI SAID HE WOULD HAVE TO CONSULT AND TWO DAYS LATER INFORMED CHORLTON THAT THE ANSWER IS NO.

4. CHORLTON TOLD USLO THAT HIS DISCUSSIONS WITH MACHIMPEX WERE FRIENDLY AND THAT HE DOES NOT BELIEVE THAT THE GOOD WORKING RELATIONSHIP BOEING HAS ESTABLISHED WITH THE CHINESE HAS BEEN IMPAIRED. WHILE HE FEELS THAT THEY UNDERSTAND THE SERIOUSNESS OF THE MATTER, CHORLTON WOULD NOT DISMISS THE POSSIBILITY THAT THE CHINESE MIGHT STILL TRANSFER SOME OF THEIR 707S TO THE NORTH KOREANS. IN ANY EVENT, HE THINKS THE NORTH KOREANS WILL CONTINUE SHOPPING, WITH CHINESE ASSISTANCE, FOR ANY USED 707S THEY MIGHT FIND ON THE WORLD MARKET. AS FOR THE CHINESE, CHORLTON IS CONFIDENT THAT AFTER PUTTING THEIR 707S INTO INTERNATIONAL SERVICE, THEY WILL HAVE ADDITIONAL REQUIREMENTS FOR MORE AIRCRAFT AND HE IS HOPEFUL THAT BOEING WILL BE THE BENEFICIARY OF THOSE NEEDS.  
HOLDRIDGE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BOEING 707, AIRCRAFT SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 SEP 1974  
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**Decaption Note:** 25 YEAR REVIEW  
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